

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
W. R. GRACE & CO., et al.,) Case No. 01-01139 (JKF)
) Jointly Administered
Debtors.) Re: Docket No. _____

**ORDER AUTHORIZING THE DEBTORS TO ENTER INTO A SETTLEMENT
AGREEMENT WITH THE INTERNAL REVENUE SERVICE IN CONNECTION WITH
INTEREST DEDUCTIONS CLAIMED WITH RESPECT TO CORPORATE OWNED
LIFE INSURANCE**

Upon the motion (the "Motion")¹ of the above captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order authorizing the Debtors to enter a settlement agreement with the Internal Revenue Service ("IRS") in connection with interest deductions claimed with respect to corporate owned life insurance; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been given; and after due deliberation and it appearing that sufficient cause exists for granting the requested relief and that the relief requested under the Motion is in the best interests of the Debtors' estates and creditors; now therefore;

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

IT IS HEREBY ORDERED THAT:

1. The Motion is granted
2. Pursuant to the Motion, the Debtors are authorized, but not required, to execute a Final Closing Agreement containing the COLI Settlement terms described herein and providing for termination of the COLI Policies.
3. Pursuant to the Motion, the Debtors are authorized to pay the COLI Related Taxes when due in accordance with the terms of the Fresenius Agreement.
4. Pursuant to the Motion, the Debtors are authorized, but not required, to terminate to COLI policies.
5. The Court shall retain jurisdiction to hear and determine all matters arising from or relating to this Order.

Dated: October ____ , 2004

The Honorable Judith K. Fitzgerald
United States Bankruptcy Judge